

VZCZCXRO6491
PP RUEHPA
DE RUEHAB #0286/01 1271501
ZNY CCCCC ZZH
P 061501Z MAY 08
FM AMEMBASSY ABIDJAN
TO RUEHC/SECSTATE WASHDC PRIORITY 4203
RUEATRS/DEPT OF TREASURY WASHDC PRIORITY
INFO RUEHZK/ECOWAS COLLECTIVE
RUEPGDA/USEUCOM JIC VAIHINGEN GE

C O N F I D E N T I A L SECTION 01 OF 02 ABIDJAN 000286

SIPDIS

DEPARTMENT FOR AF/W E.PLUMB, AF/EPS E.REPKO, EEB K.DIZOGLIO
TREASURY FOR R.HALL, D.PETERS

E.O. 12958: DECL: 05/06/2018
TAGS: [ECON](#) [EFIN](#) [IMF](#) [IBRD](#) [EAID](#) [PGOV](#) [PREL](#) [IV](#)
SUBJECT: MINISTER OF PLANNING DISCUSSES HIPC, RELATIONSHIP
WITH IFIS

REF: ABIDJAN 276

Classified By: EconChief EMassinga, Reasons 1.4 (b,d)

¶1. (C) Summary: Cote d'Ivoire's Minister of Plan has established a timetable to ensure that his country is ready to be considered for a HIPC decision point by the end of ¶2008. The Minister fears that Cote d'Ivoire may lose the opportunity to benefit from debt relief under the HIPC initiative if it does not qualify before HIPC expires at the end of this year. Bouabre called the country's fiscal/macroeconomic situation "delicate" but manageable. He urged the USG to play an active role in ensuring that all parties accept the electoral list for the November 30 presidential election noting that the elections will be a disaster if the validity of the electoral list is in question. End Summary.

¶2. (SBU) Ambassador and EconCouns called on Minister of Planning Antoine Bouhoun Bouabre on April 27, to get his impressions, as head of the Ivoirian delegation to the Washington spring IFI meetings, on relations with the IFIs. Bouabre seemed satisfied with the delegation's meetings with U.S. Treasury officials, U.S. reps to the IMF and World Bank and the Director General of the IMF. He tacitly acknowledged the need for Cote d'Ivoire's overall performance to improve and described the fiscal/macroeconomic situation in Cote d'Ivoire as "delicate" but manageable. According to Bouabre, Cote d'Ivoire has made important advances in implementing greater budgetary and revenue transparency, particularly in oil but also in coffee and cocoa, and should not have difficulty meeting conditions the IFIs have set.

3.(C) Speaking from his experience as Finance Minister, Bouabre said he knew how difficult it could be to make the difficult decisions necessary to keep the budget in line. The IMF complained that public expenses were too high, and he agreed, pointing specifically to the "Sovereign Account" controlled by the Presidency. But, Bouabre observed, people (i.e. the IMF and WB) had to understand the demands on the Presidency. He explained that the Presidency is the only entity in the government that former presidents and ministers can look to, for example, to fund travel abroad for medical treatment. Often, he said, the Presidency is obliged to cover the cost of their entire entourage, even if the former official has ample assets and even homes in Europe. The same is true of the Prime Minister's office. Bouabre said the PM's camp is full of paid "hangers on" and that the PM pays Forces Nouvelles soldiers to demobilize while their military commanders continue to operate road rackets and collect illicit commercial taxes. Putting an end to bonuses paid by the government to "front line troops" will also require a tough political decision, Bouabre noted, one that the President has been unwilling to make in past years because senior officers were intransigent. Bouabre criticized the recently concluded SAGEM contract (covering the production of

national ID and voter cards), saying the USD 160 million demanded by SAGEM was excessive, but that the President had made a conscious decision to let the contract go forward in order to ensure an untroubled path towards elections, the country's top priority.

14. (C) Turning to Cote d'Ivoire, Bouabre pointed to the 2002 Poverty Reduction and Growth Facility (PRGF) and 2002 Poverty Reduction Strategy Paper (PRSP) and said Cote d'Ivoire would build on what had been accomplished in 2001-2002 under those interim plans to meet the conditions for reaching a HIPC Decision Point by the end of 2008. (Bouabre was Finance Minister from 2001-2002 and led both the development and implementation of Cote d'Ivoire's initial PRSP. He reminded Emboffs that the country had 11 months of good performance and was only a month away from a HIPC decision point when the 2002 crisis disrupted everything) Bouabre said that a review and revalidation process encompassing representatives of all elements of the society is already underway. He believes Cote d'Ivoire is in a good position to finish a PRSP by the end of June and demonstrate sufficient accomplishments to qualify for HIPC before the programs runs out (as described by IFI staff) on December 31, 2008.

15. (C) Bouabre said IFI staff told him in Washington that while the Multilateral Debt Relief Initiative could be achieved sometime in 2009, HIPC had to be on the table and under consideration by the end of 2008. Emboff asked local IMF ResRep and World Bank Acting Country Manager if there is indeed a deadline for the HIPC program as Bouabre discussed. World Bank Washington staff indicated that the IFIs and major

ABIDJAN 00000286 002 OF 002

shareholders should "discuss the complexities involved" during upcoming meetings in Abidjan with visiting delegation heads, but that in principle, the end of 2008 is the HIPC Decision Point target.

16. (C) Bouabre told Ambassador that that the problem of Cote d'Ivoire's arrears with the World Bank has been solved and the arrears with the African Development Bank are in the end stages of resolution. A May IMF mission is scheduled to work out a PRGF. Bouabre foresaw several challenges for these negotiations: Energy costs and state subsidies should be tackled; electricity in particular is a major drain on State resources. According to the 2008 budget, over USD 169 million is spent in subsidizing consumer electricity costs. Similarly, the sustained high price of oil has made a hash of the parastatal national refinery (SIR)'s finances; it now operates at a USD 94 million annual deficit. Retail petrol and diesel prices have not changed from CFA 615 and 545 (USD 1.62 and USD 1.28 respectively) per liter since 2004 when oil was at USD 50 per barrel. Food price increases have also thrown a wrench into the Finance Ministry's 2008 planning. Bouabre acknowledged the need for his government to tackle these pressing economic issues but pointed out that the current political atmosphere is also very delicate. The government cannot afford to ignore economic issues until after the election, but neither can it afford to take actions (such as increasing the price of gasoline) that could result in social problems that could endanger the government's ability to hold elections in November.

17. (C) Ambassador told Bouabre that the USG, along with most other major donor countries, will be looking at Cote d'Ivoire's political progress, not just economic progress, as it moves closer to a HIPC Decision Point. The holding of transparent elections will be an important consideration. Bouabre said he understood the point clearly. He also urged the USG to help Cote d'Ivoire meet the goal of elections this year. Specifically, he asked that the U.S. do its utmost to ensure that the electoral list is accepted by all the political parties. If agreement on the electoral list isn't reached, he said, it will be "disastrous" for the elections.

18. (C) Comment: Bouabre's understanding of the country's finances and how HIPC and MDRI play a role in solidifying them is unparalleled among the country's senior management team, with the exception of Finance Minister Diby. He is clearly the President's top economic advisor, but also plays a consigliere role that reaches beyond his narrowly defined ministerial portfolio. In that light, the obvious concern he expressed about a failure of the political parties to accept the electoral list and his appeal to the USG to be actively involved in helping to resolve any disputes, strikes us as an important message and indicator of the role President Gbagbo hopes we will play. Concerning the question of HIPC and MDRI, Embassy Abidjan looks forward to further discussions with IFI staff and perhaps clearer explanations in the coming weeks. End Comment.
NESBITT